Calendar Year Projections of Information and Withholding Documents for the United States and IRS Centers: 2004 – 2012

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2004 Update

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Forecasts Available Electronically

The following forecasts are also available on the IRS's web site. This site can be reached at ***www.irs.gov***. Select the "Tax Stats" option, and then the "Projections" option (under the *Statistical Publications* heading). IRS employees can also access this projections product on the IRWeb intranet site by selecting the “Commissioner” option (under the *Navigating the IRS* section); followed by the “Research, Analysis and Statistics” option; the “Office of Research” option; and then the “Projections and Forecasting Publications” option.

Distribution

If you are an IRS employee and would like to receive a printed copy of this document on a continuous basis, please contact your local IMDDS coordinator and obtain the appropriate protocol for inclusion on the distribution list. All non-IRS customers, and IRS customers uncertain of their local IMDDS coordinator, should contact Philip Cormany on (202) 874-0514.

Table of Contents

Overview

Office of Research staff within Research, Analysis and Statistics of Income organization provides calendar year projections of information and withholding documents on an annual basis to accommodate the most recent filing year experience. These projections of Information Reporting Program (IRP) documents incorporate current legislative and administrative initiatives, as well as relevant economic and demographic trends. Data series forecasts provided by Global Insight, Inc., are used by Research staff in projecting IRP documents. The information and withholding document projections contained within this document are used primarily by the IRS operational and resource planning functions to assist in the formulation of their budget submissions and staffing requirements, and to complete various other analyses. Enacted tax law changes and confirmed administrative plans are reflected in these projections. However, legislative or administrative initiatives simply under consideration are generally not used to adjust the projections due to the uncertain nature of their eventual outcome.

A comparison of projections for filing year 2005 made in the 2003 version of this document versus the current update is contained in Table 1. This table compares both the “all media grand total” and “paper” components. Table 2 contains the U.S. level projections through calendar year (CY) 2012 for the grand total volumes for all media. The U.S. forecasts for the “non-paper” segment are provided in Table 3, while Table 4 presents the “paper” component. Detailed breakouts for the paper component at the IRS processing center level are provided in Tables 4A through 4E.

The current alignment of states by IRS processing center for paper Schedules K-1 is presented in Table 5, while Table 6 contains the alignment of states by processing center for the other paper documents for CY 2003-on (four SCRIPS centers with the Philadelphia center processing International returns). Following these tables is additional narrative that provides definitions of the IRP forms projected as well as the methodology used to forecast these items.

Impact of Recent Legislative and Administrative Changes

Schedule K-1 Form 1120S Electronic Filing

In CY 2004, IRS began offering the option of electronically filing Form 1120S to small corporations as part of the effort to reduce paper filing. Although no mandates currently exist for the Form 1120S e-file program, those filers who opt to participate must file the associated Schedules K-1 electronically as well. Projections of non-paper Schedules K-1 (1120S) contained in this document reflect the expected voluntary transition of filers to the electronic media.

Other IRP Documents Being Projected

Effective CY 2004, Form 5498, IRA and Coverdell ESA Contribution Information, have been divided into two separate reports; the IRA Contribution Information document, which will be designated as Form 5498, and the Coverdell ESA Contribution Information document, which will be reported on Form 5498 ESA. Projections are provided separately for each form type in this update.

Projections for Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments, have been provided in this update of Document 6961. This information document must be filed by eligible individuals who received advance payments of qualified health insurance during the relevant calendar year.

Revisions to 2005 Forecasts Relative to Forecasts Produced Last Year

For filing year (i.e., calendar year) 2005, the grand total number of information and withholding documents projected in this update is about 4.2 percent (67 million forms) lower than the total volume projected last year (see Table 1, left side). A major portion of the net revision is driven by the decrease in the projections of Forms 1099-DIV (i.e., 18 million decrease) and Forms 1099-INT (i.e., 33 million decrease) which were based on the actual 2003 filing experience.

Regarding **paper** submissions, the number of documents projected for CY 2005 is about 1.8 percent more (i.e., 1.1 million forms) than the paper volume projected in last year's edition of this document (Table 1, right side). Embedded in this change in CY 2005 paper volumes is an increase of approximately 1.3 million paper Schedules K-1 Form 1065 due to the actual 2003 filing experience.

Additional Information

Customer Satisfaction Survey and Comments

As part of our commitment to performance measurement, the Projections & Forecasting Group conducted our fifth annual survey of IRS customers to determine satisfaction levels with our products and services. The table below summarizes the results of those surveys on five major dimensions.

*Projections & Forecasting Group Customer Satisfaction Survey Result**

Measure	2000	2001	2002	2003	2004	2004
	Percent "Somewhat Satisfied" thru "Totally Satisfied"					Percent "Totally Satisfied"
Accuracy	80.8	87.2	87.8	82.7	83.4	59.3
Timeliness	84.6	84.2	88.2	95.7	83.3	57.4
Responsiveness of PFG Staff	68.6	65.6	73.7	73.9	68.0	64.2
Product Meeting Needs	-	-	-	93.5	83.3	53.7
Overall Satisfaction	94.2	92.7	91.4	95.6	92.6	66.7

* In 2004, the rating scale on the Projections & Forecasting Group customer satisfaction survey was changed to conform to the standard used for all offices within Research, Analysis & Statistics organization. Data were configured above to provide both a comparable historical trend, plus information on the new “totally satisfied” demarcation.

We thank customers who have participated in our past surveys and ask for your continued cooperation in future iterations. Also, we continually seek to improve customer service wherever we can and we welcome customer feedback at any time. Comments and suggestions regarding this document can be directed to Wanda Ross Acting Chief, Projections & Forecasting Group on (202) 874-0838. Questions concerning a specific tax return listed in this document may also be directed to the projections staff listed on the inside front cover. Finally, the tables contained in this document are also available electronically, as noted on the inside front cover.

Eric Toder
Director, Office of Research

List and Definitions of Information and Withholding Documents Projected in Document 6961

Form W-2, Wage and Tax Statement is filed by employers for each employee on the payroll, to report wages, tips, other compensation, withheld income, social security and Medicare taxes, and advance earned income credit payments.

Form W-2G, Certain Gambling Winnings is provided to recipients of gambling winnings of $600 or more from horse racing, dog racing, jai alai, lotteries, raffles, and drawings; gambling winnings of $1,200 or more from bingo or slot machines; and gambling winnings of $1,500 or more from keno.

Form 1099-DIV, Dividends and Distributions is provided to each person who: received $10 or more in gross dividends and other stock distributions; had withheld and paid foreign tax on dividends; had withheld income under the backup withholding rules; or received $600 or more as part of a liquidation.

Form 1099-INT, Interest Income is provided to each person who: received $10 or more in interest income; had withheld and paid foreign tax on interest; or had withheld income under the backup withholding rules.

Form 1099-MISC, Miscellaneous Income is provided to each person who: received at least $10 in royalties or broker payments in lieu of dividends or in lieu of tax-exempt interest; received at least $600 in rents, services, prizes and awards, other income payments, and medical and health care payments; or received any fishing boat proceeds. In addition, Form 1099-MISC is also used to report the direct sales of at least $5,000 of consumer products to a buyer for resale. Persons with backup withholdings should also receive a copy of the form regardless of the amount of withholding.

Form 1099-OID, Original Issue Discount is provided by an issuer of: outstanding bonds or other evidence of indebtedness in registered or bearer form issued with original issue discount of more than $10; certificates of deposits of over one year; other deposit arrangements such as time deposits or bonus savings plans having a term in excess of one year provided the payment of interest is deferred until maturity; or collateralized debt obligation by a real estate mortgage investment conduit (REMIC) or other issuer. It is also filed if there are backup withholdings, even though the amount of the original issue discount is less than $10.

Form 1099-PATR, Taxable Distributions Received from Cooperatives must be filed by cooperatives for each person to whom the cooperative has paid at least $10 in patronage dividends and other distributions or for backup withholdings regardless of the amount of payment.

Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. is provided to each person who has received distributions from profit-sharing or retirement plans, IRAs, annuities, pensions, etc., whether or not any amount of Federal income tax was withheld.

Form 1099-B, Proceeds from Broker and Barter Exchange Transactions is provided to each person for whom a broker has sold stocks, bonds, commodities, regulated futures contracts, foreign currency contracts, forward contracts, debt instruments, etc., or who has exchanged property or services through a barter exchange.

Form 1099-G, Certain Government Payments is filed by persons who made certain payments as a unit of Federal, state, or local government, including payments of $10 or more in unemployment compensation (also Railroad Retirement Board payments for unemployment); refunds, credits, or offsets of state or local income tax of $10 or more; federal income tax withheld (backup withholding); and certain taxable grants.

Form 5498, IRA Contribution Information is filed for each person who had an individual retirement arrangement to report contributions and the fair market value of the account.

Form 5498-ESA, Coverdell ESA Contribution Information reports contributions (including rollovers) to Coverdell education savings accounts.

Form 1099-A, Acquisition or Abandonment of Secured Property is filed for each borrower if money is loaned in connection with a trade or business and, in full or partial satisfaction of the debt, an interest in property is acquired that is security for the debt, or the property has been abandoned.

Form 1098, Mortgage Interest Statement is filed to report mortgage interest (including reportable points) of $600 or more received in a trade or business from an individual, including a sole proprietor.

Form 1099-S, Proceeds from Real Estate Transactions is filed to report the sale or exchange of reportable real estate.

Form 1099-SSA (Social Security Benefit Statement) and Form 1099-RRB (Payments by the Railroad Retirement Board) are filed by the Social Security Administration and the Railroad Retirement Board to show the amount of retirement payments made to individual recipients. This type of reporting is made via magnetic media.

Schedule K1-Form 1041, Beneficiary's Share of Income, Credits, Deductions, Etc. is filed with Form 1041 to report the beneficiary's share of income from an estate or trust.

Schedule K1-Form 1065, Partner's Share of Income, Credits, Deductions, etc. is used by filers of Form 1065 to report each partner's share of the partnership's income, credits, deductions, etc.

Schedule K1-Form 1120S, Shareholder's Share of Income, Credits, Deductions, etc. is used by filers of Form 1120S to report each shareholder's pro rata share of corporate income (less taxes the corporation paid on income), credits, deductions, etc.

Foreign Information Returns are filed by foreign corporations that pay interest or dividend income to U.S. citizens. There is no standard format for transmitting such information to the Internal Revenue Service.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns, is a "payer" transmittal document used to transmit paper "payee" documents.

Form 1099-C, Cancellation of Debt, is filed by financial institutions and federal government agencies to report certain debts that are forgiven in excess of $600. This form **is not** required in situations involving consumer bankruptcies.

Form 4789, Currency Transaction Report (CTR), is filed by financial institutions to report cash amounts received in excess of $10,000.

Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business, is a currency transaction report filed by an entity engaged in a trade or business that receives a cash payment in excess of $10,000.

Form 8362/8852, CTR by Casinos/CTR by Casinos-Nevada, is filed by casinos to report either currency received or currency disbursed in excess of $10,000. The Form 8852 filing numbers are embedded in the Form 8362 numbers in Document 6961.

Form 5498-MSA, Archer Medical Savings Account (MSA) or Medicare + Choice MSA Information, is submitted by the trustee or custodian of an Archer MSA or Medicare + Choice MSA. Rollovers from one Archer MSA to another Archer MSA must be reported, as well as the death of an account holder.

Form 1099-MSA, Distributions from an Archer MSA or Medicare + Choice MSA, is used to report gross distributions from an Archer MSA or Medicare + Choice MSA to either an account holder or medical service provider. An MSA distribution is not subject to taxation if it is part of a trustee- to trustee- transfer from one Archer MSA or Medicare + Choice MSA to another. Contributions and rollovers do not include transfers.

Form 1099-LTC, Long-Term Care and Accelerated Death Benefits is filed if payments are made for any long-term care benefits, including accelerated death benefits. Payers include insurance companies, governmental units, and viatical settlement providers.

Form 1098-E, Student Loan Interest Statement is to be filed by financial institutions, governmental units, educational institutions, or any other persons who receive (from an individual) student loan interest of $600 or more during the year.

Form 1098-T, Tuition Statement is to be filed by educational institutions that received (from an individual) qualified tuition and related expenses in a given year. This form is not applicable to students that are nonresident aliens.

Form 1099-Q, Qualified Education Programs, is a result of legislation which expanded the definition of a qualified tuition program to include programs established and maintained by private eligible educational institutions. Reporting of earnings from qualified state tuition programs (as described in the Internal Revenue Code, Section 5-29) was moved from Box 5 of the Form 1099-G, to Form 1099-Q.

Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, is filed for amounts paid to foreign persons that are subject to withholding, even if no amount is withheld or deducted because of a treaty or Code exception to taxation or if any amount withheld was repaid to the payee. Amounts subject to withholding are from sources within the U.S. that constitute either fixed or determinable annual or periodical (FDAP) income; certain gains from the disposal of timber, coal, or domestic iron ore with a retained economic interest; or gains relating to contingent payments received from the sale or exchange of patents, copyrights, and similar intangible property.

Form 1099-H, Health Coverage Tax Credit (HCTC) Advance Payments, is filed if HCTC advance payments of health coverage insurance premiums were forwarded directly to health insurance providers on behalf of recipients meeting certain eligibility requirements.

Statement of Methodology

Three major sets of projections are included in this document. The first group (Table 2) contains all media grand total projections, in addition to withholding and other IRP documents received in both paper and non-paper formats (non-paper includes magnetic tape filing, electronic filing, and diskette filing). Table 3 contains the second set of projections, which includes the non-paper portion, and the third group, found in Table 4, includes only the paper portion of the projections. In compliance with customer requests, forecasts are provided at the U.S. level, while projections of paper documents are available for both the U.S. and IRS center levels (Tables 4A-4E), with the exception of Currency Transaction Reports (which are "handled" by the Detroit Computing Center).

Data Sources and 2003 Historical Paper Volumes

Actual ("historical') data on the volume of IRP documents filed are provided by program staff under the operating divisions and Modernization and Information Technology. Their data sources include: MCC IRP Reformat Report; CAWR W-2 Control Report; IRP Counts for 1099-SSA/RRB; Paper IRP Production Report; other service center sources; and the national calendar year Currency Transaction Report receipts. Counts for Forms 1042-S were provided by relevant program staff. Most of the paper form types filed in calendar year (CY) 2003 were fully counted by IRS staff within the processing centers and did not require estimation with the exceptions of Forms 1098, 1098-T, 1099-INT, 1099-MSA, and 1099-S. In these instances, volumes for CY 2003 were estimated via time trend extrapolations of prior history.

U.S. Level Forecasts

The U.S. level grand total and paper projections were largely forecasted through regression analysis. Each form type was analyzed and regression models were developed using appropriate economic/demographic variables or historic time trends. Several variables were used to project IRP filings, including payroll employment, population counts, and money supply. Time trend models were primarily used to forecast paper IRP documents. The projections of IRP non-paper documents were derived by subtracting projections of the IRP paper documents from the grand total projections.

The above procedure was used for all documents with a few exceptions. For Form 1096, Form 8300, Form 8362, Form 1099-Q, the only accepted transmittal format is paper. Therefore, for these form types, the grand total and paper volumes are the same.

Center Level Forecasts and Impact of Modernization Alignment

As a result of the Service Center Recognition/Imaging Processing System (SCRIPS) which enabled IRS centers to optically scan most paper IRP documents, the IRS consolidated the filing/processing workload for these forms into four designated SCRIPS centers in CY 2003. Paper documents will be processed only at the Austin, Cincinnati, Kansas City, and Ogden centers. The paper Schedule K-1 series documents are handled exclusively by the Cincinnati and Ogden centers, with the exception of forms submitted from the International area which are still processed by the Philadelphia center. Form 1042-S paper submissions are also processed at the center in Philadelphia. In addition, all paper Currency Transaction Reports continue to be handled at the Detroit Computing Center. Table 5 reflects the processing center alignment of states/International for paper Schedules K-1, while Table 6 shows the alignment of states/International by processing center for all other paper documents.

ADDITIONAL PROJECTION DOCUMENTS

Title	IRS Document Number	Typical Updates
Calendar Year Return Projections by State and Selected Locations	6149	Winter
Calendar Year Return Projections for the United States and IRS Centers	6186	Fall
Calendar Year Projections of Individual Returns by Major Processing Categories	6187	Spring and Fall
Fiscal Year Return Projections for the United States	6292	Spring and Fall

These documents may be requested by calling Philip Cormany on (202) 874-0514, by fax on (202) 874-0613, or by writing to:

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